



**CITY OF SAN JOSÉ
APPLICATION FOR SAN JOSE RETIREMENT BOARDS**

Public members of the Board of Administration of the San Jose Police and Fire Department Retirement Plan or the Federated City Employees Retirement System must live or work within 50 miles of San Jose City Hall and meet specified eligibility requirements.

Employee members of the Retirement Boards must be active employees who are members of the respective retirement plan. The Police and Fire Department representative must be an employee of the Police or Fire Department respectively. The employee representatives to the Federated Board shall be employed by different departments.

Retiree members of the Retirement Boards must be persons who have retired under the provisions of the respective retirement plan.

PLEASE USE BLACK OR BLUE INK TO TYPE OR PRINT YOUR APPLICATION. Submit application to the Office of the City Clerk, 200 E. SANTA CLARA STREET, Room W-242, San José, California, 95113, Phone: (408) 535-1260; Fax: 408-292-6207; email: cityclerk@sanjoseca.gov. If more space is needed, please attach additional pages. Applications are valid for one year from the date of receipt and are public record.

PLEASE NOTE: ALL Sections of this Application must be completed.

Please check the appropriate box:

☐ **Police and Fire Department Plan** ☒ **Federated City Employees System**

Member category:

☒ **Public member** ☐ **Employee Representative** ☐ **Retiree Representative**

Are you a resident of San Jose?

No

Length of Residency:

Council District:

If not a resident, do you live or work within 50 miles of San Jose City Hall?

☒ Yes ☐ No

Name (Last, first, middle)

[Dirks, Martin Byron](#)

Home Address

City, State

Zip Code

Home Phone No.

Cellular Phone No.

Home Fax No.

[N/A](#)

Business Address	Zip Code

Business Phone No.	Business Fax No.

Business Email	Personal Email

Present Employer (Name/Describe Business)	Job Title/Description of Duties
Milliman, Inc.	Senior Investment Consultant
Investment consulting	Investment consultant to pension plans, endowments and foundations. Advise on asset allocation, manager selection and other investment-related issues.

Current Employer of Spouse (Name/Address)	Spouse's Job Title/Description of Duties:
N/A	N/A

College, Professional, Vocational or Other Schools attended	Major Subject	Dates Attended	Degree & Date
Harvard Business School	Business Administration	1985 - 1987	MBA 1987
Bemidji State University	Engineering Physics	1974 - 1979	BS 1979

Licenses Held:

Series 65

Certifications Held:

N/A

Special Awards or Recognitions Received

Among highest student-rated professors at Golden Gate University.

Languages spoken

English

A. GENERAL BACKGROUND (Please attach another sheet as necessary to answer)

1. Please list your applicable experience or expertise relevant to public retirement plan administration.

Category (check all that apply)	Years of Experience	Describe your experience or expertise
<input type="checkbox"/> Senior executive position in pension administration		
<input type="checkbox"/> pension actuarial practice		
<input checked="" type="checkbox"/> institutional investment experience	25	Portfolio mgr - managed \$800 million portfolio
<input type="checkbox"/> auditing		
<input type="checkbox"/> accounting		
<input checked="" type="checkbox"/> legal	9	Expert witness in litigation of financial issues
<input type="checkbox"/> health and welfare and/or employee benefits management		
<input checked="" type="checkbox"/> investment management	25	Analyst/portfolio manager at large hedge funds
<input type="checkbox"/> banking		
<input type="checkbox"/> Insurance company asset/liability management		
<input checked="" type="checkbox"/> college or university professor (focus on fiduciary or trust law, quantitative background in financial theory or actuarial math)	9	Adjunct professor; teach Portfolio Management
<input type="checkbox"/> Other	21	Extensive experience in long/short hedge funds
<input type="checkbox"/> Other	3	Consultant to pension plans

2. Please summarize your qualifications to serve as a member of the Retirement Board? Briefly highlight your skills, training, education, qualifications, experience (licenses and/or certifications) and personal qualities that you will bring to the Board and share with the organization.

Since 2012 I have been and investment consultant to pension plans, endowments and foundations. I have been an institutional equity manager at large hedge funds as well as the largest university endowment - Harvard University. I understand alpha creation and want to bring that expertise to bear. As a board member of the Venture Capital/Private Equity Roundtable for several years, I have an in-depth understanding of VC/PE investments. I eagerly take on team leadership roles, when appropriate, and I am a dynamic force as either a team member or leader.

4. Please describe your community leadership or administrative experience serving as a Board member of a governmental entity and/or non-profit, educational or other community-based organization? Please list the organization(s); dates served; role/title and examples of accomplishments.

I have been a member of the San Jose Federated Board for the past four years. I have served on the Investment Committee, Personal Committee and other adhoc committees. I currently serve on the Audit Committee and the Measure G Ad Hoc Committee. I am also a board member and treasurer of Golden Gate Wrestling, a 501c3 Nonprofit with a mission of supporting youth development through the sport of wrestling. I have been a member of Golden Gate Wrestling since 2000. We developed a high school program (Alliance Wrestling) and Camp Grappling for kids. We now have a standing contract with San Francisco Parks & Rec at Eureka Valley Recreational Center.

6. Please describe your membership in relevant professional or trade organizations. Please note any offices held, etc.

Affiliate Member, California State Association of County Retirement Systems (SACRS)
Sponsor Member, California Association of Public Retirement Systems (CalAPRS)
Advisory Board, Commonfund Hedge FundDirect Strategies

B. FAMILIARITY WITH BOARD

1. Please describe your understanding of the role and responsibilities of Retirement Board members?

Retirement Board members have a fiduciary responsibility over the assets of the retirement system. They act primarily to provide benefits for plan participants and their beneficiaries. Secondly, they act to minimize contribution requirements to the fund and to minimize expenses of administering the system. The Board oversees asset allocation in order to diversify risk and maximize the rate of investment return. They also oversee actuarial analysis to assure fund adequacy.

2. Please describe your understanding of the relationship between the Retirement Board and City Council? The City Administration? Retirement Services staff? Employee bargaining units? Plan participants and beneficiaries?

The City Council appoints the Retirement Board members. Retirement Board members set investment policy as a fiduciary to the Retirement Plan participants and beneficiaries. This policy is implemented by the Retirement Services staff. The City Administration negotiates with employee bargaining units to determine pension benefits and employee contributions for Plan participants. Contributions to the Retirement Plan are made by both the employees and the City, but only the City is the final guarantor of all benefits.

3. What do you consider to be the three most important issues currently facing the Retirement Board?

Improving the Plan's funding ratio

Selecting an appropriate asset allocation and achieving consistent and significant above benchmark performance

Building and maintaining capable internal investment staff

4. What do you perceive as the short and long-term goals of the Retirement Board?

Short term:

Oversee selection and assess risk of various investment opportunities. Assure adequate liquidity to meet the fund's liabilities.

Long term:

Select asset allocation policy to provide optimum risk/reward for the Retirement System's beneficiaries.

Assure assets and the investment strategy are appropriate to meet all projected liabilities. In other words, have a fully funded Plan.

5. Do you believe that the retirement funds that are invested by the retirement boards are public funds? Why or why not?

The assets invested by the retirement boards are not public funds. The funds belong to the beneficiaries of the system and were contributed by the system members and the City. Ultimately, the City is responsible if the pension plan's funds prove inadequate to meet the promised benefits.

6. Have you read the report by the City Auditor entitled "Pension Sustainability: Rising Pension Costs Threaten the City's Ability to Maintain Service Levels?" This report is available at:
<http://www.sanjoseca.gov/auditor/AuditReports/1010/1010.pdf>

☒ Yes ☐ No

- a. If so, how is this report applicable to the work you would do as a Retirement Board Member?

The report highlights the challenges faces by the City and the serious consequences if pension benefits exceed the City's ability to meet the obligation. It is important that pension board members are good stewards to assure the pension plan can meet its obligations.

C. EXPERIENCE/EXPERTISE

1. How do you ensure that you are maintaining an in-depth and up-to-date knowledge of institutional investing and the capital market environment?

As an investment consultant to pension plans, I work on institutional investment issues every day. Since 2006 I have taught Portfolio Management, the advanced investments course, in Golden Gate University's MBA program.

I have been active in the alternative investment area since 1989 and I attend many investment-related conferences each year. I am very current in my knowledge of investment issues.

2. Given the current status of the capital markets, where do you see opportunities to increase return and reduce risk in the pension portfolios? What is your experience with risk budgeting?

Risk budgeting and management is a constant focus in my day-to-day work. At Harvard University's Endowment I managed the risk budget for my own \$800 million portfolio and participated in the overall fund's risk budgeting process. There are always opportunities to reduce risk and increase returns, but they must be considered holistically with the Retirement System's objectives. Any action should be taken only with a clear understanding of the risk and the expected benefit. With care, risks can be managed.

3. Please describe your views on the role of asset allocation and provide detail on your recommended asset classes and proportions for pension funds like those serving the employees of the City of San Jose.

Asset allocation is the critical foundation for an investment plan. Alpha returns are simply an overlay on that foundation. Any asset class chosen must make common sense to the board members. Investments which are so complex they cannot be understood by everyone on the Board probably have hidden risks which make them inappropriate for the Retirement System. I helped develop the current Federated asset allocation and believe it is appropriate, providing the best risk/return tradeoff.

4. Should pension plans like those in San Jose invest in alternative investments such as private equity, commodities, infrastructure or separate account real estate? If so, how? If not, why?

These investments may be appropriate, but should be considered with care. Issues to overcome before committing to such an investment include: How will this investment correlate with other investments? Could lack of liquidity cause a problem? Is the fundamental case for investment strong? Is this an especially attractive opportunity? What is the risk; what can go wrong?

5. How would you evaluate an investment manager? When would you terminate an investment manager? How should due manager diligence be conducted?

There are many factors to consider in manager evaluation. Some are quantitative (returns, volatility, risk control, alpha generation) and others are qualitative (transparency, tenacity). Due diligence should be extremely thorough; all members of the investment team should be interviewed. A manager's ability to generate alpha must be understood by the Board.

Termination of a manager should be considered if: 1) they do not do what they agreed they would do 2) loss of an important investment professional from the team 3) loss of a large portion of assets managed 4) ethical or legal violation.

6. What should be included in a pension plan's statement of investment policies? Please address the roles of trustees, staff, consultants, investment managers and custodians in asset allocation, portfolio structure, manager selection and due diligence, rebalancing, reporting and analysis.

A statement of investment policies should outline policies such as acceptable risk, permitted investments, guidelines for rebalancing, diversification, volatility and liquidity. Trustees set policies, such as asset allocation and portfolio rebalance guidelines, to safeguard the funds for the benefit of members and beneficiaries. The Staff manages day-to-day operations and implements the policies and programs established by the Board. They also assist the Board in establishing policies and analyzing results. Consultants assist the Board in establishing policies with appropriate risk and rate-of-return objectives to meet funded status and administrative expense objectives. They also conduct asset allocation studies and assist the Board in selection and due diligence for new managers. Managers structure and manage investment portfolios consistent with specified guidelines. The Custodian holds and accounts for the Plan's assets.

D. CONFLICT OF INTEREST.

1. State and local law require that Retirement Board members publicly disclose, in advance of action being taken, any conflict of interest, including sources of income, interests in real property or investments, on a matter agendized for Board action; recuse themselves from voting on such item; and leave the room while the item is being discussed and voted on, unless the item is a consent or uncontested item. Please confirm that you have reviewed and agree to comply with San Jose City Council Conflict of Interest Policy (Council Policy No. 0-34); and Government Code Section 1090 and 87105.

☒ Yes ☐ No, I have not read and/or do not agree to comply.

2. .In addition, if appointed, you will be required to fill out a disclosure statement, which identifies certain of your financial interests beginning with the immediate twelve-month period prior to your appointment and annually on or before April 1 of each year thereafter. Please confirm that you have read Fair Political Practices Commission (FPPC) Form 700 Reference Pamphlet and agree to file required FPPC Form 700 Statements of Economic Interest, as required by current City Council Conflict of Interest resolution.

☒ Yes ☐ No, I have not read and/or do not agree to comply.

3. Have you ever been required to file a Statement of Economic Interest (Form 700) and failed to do so?

☐ Yes ☒ No

If yes, please explain in complete detail.

4. If you were required to file a FPPC Form 700 Statement of Economic Interest as a Retirement Board member as of the date of this application, would you have any financial interests that you would be required to disclose other than your financial interest in the employment already disclosed in this application?.

☐ Yes ☒ No

If yes, please identify any interest that you would be required to disclose as an attachment to this application.

5. Individuals applying for appointment as public members of the Board are ineligible for appointment to the Board if they meet certain criteria. Please confirm if you meet any of the following criteria:

Current or former City employee	<input type="checkbox"/> Yes	<input checked="" type="checkbox"/> No
Current or former elected or appointed City official	<input type="checkbox"/> Yes	<input checked="" type="checkbox"/> No
Retired members of, or persons participating in or receiving benefits from the Police and Fire Retirement Plan or Federated City Employees Retirement System	<input type="checkbox"/> Yes	<input checked="" type="checkbox"/> No
A representative of any union representing City employees	<input type="checkbox"/> Yes	<input checked="" type="checkbox"/> No
Immediate Family Member (as defined in San Jose Municipal Code Sections 2.08.1020.F and 2.08.1220.F) of a City employee or persons participating in or receiving benefits from the Police and Fire Retirement Plan or Federated City Employees Retirement System	<input type="checkbox"/> Yes	<input checked="" type="checkbox"/> No

6. Please identify any organizations, associations, or entities in which you are active, or with which you are involved or associated that might be affected by decisions of this Board, and the positions you hold.

Milliman, Inc. - My current employer may not be hired by San Jose as an investment consultant due to conflict of interest.

7. Please confirm that you have reviewed and agree to comply with the San Jose Municipal Code Chapter 12.08 (Prohibition of Gifts), City of San Jose Ethics Policy (City Policy Manual 1.2.1), and City of San Jose Gift Policy (City Policy Manual 1.2.2).

☒ Yes ☐ No, I have not read and/or do not agree to comply.

E. BACKGROUND CHECKS AND REFERENCES

1. Have you ever been convicted of a misdemeanor within the past five years or a felony within the past ten years (except for minor traffic offenses that resulted only in a fine)?

☐ Yes ☒ No

If yes, please explain in complete detail. State the nature and approximate date of the conviction, the sentence imposed, whether the sentence has been completed, and any other information you consider relevant.

2. Are you or your firm currently or within the past five years been the subject of any litigation or claims resulting from any investment activity, advice, a fiduciary relationship, or regarding alleged financial improprieties?

☐ Yes ☒ No

If yes, please provide details.

3. Are you or your firm currently or within the past five years been the subject of any investigation or disciplinary action by any governmental and/or regulatory body (SEC, NASD, states Attorney General or Insurance Commissioner, etc.)?

☐ Yes ☒ No

If yes, please provide details.

4. Please provide four personal and/or business references (not relatives). Please include name, address, email, and telephone number.

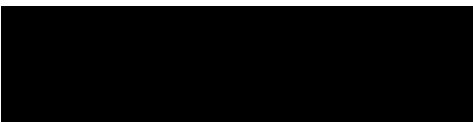
Reference 1: Name, Address, Email, and Telephone Number

[Milbrey \(Casey\) Jones](#)



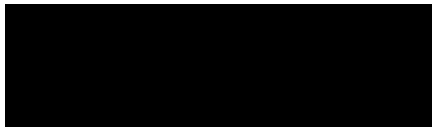
Reference 2: Name, Address, Email, and Telephone Number

[Bob Helliesen](#)



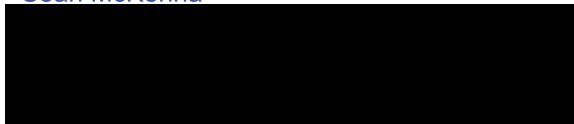
Reference 3: Name, Address, Email, and Telephone Number

[John Furlan](#)



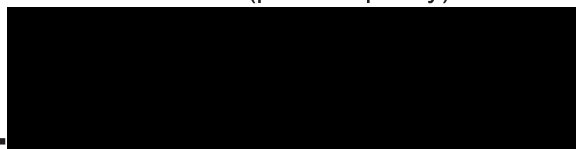
Reference 4: Name, Address, Email, and Telephone Number

[Sean McKenna](#)



How did you learn of a vacancy on this Board?

- ☐ Internet
- ☐ Newspaper
- ☐ Advertisement – Source: _____
- ☐ City Website
- ☐ Personal contact from Councilmember
- ☐ Personal contact from City staff member
- ☐ Word of mouth
- ☒ Other (please specify) [Current Federated Board member](#)



SIGNATURE OF APPLICANT

[January 19, 2015](#)

DATE SIGNED

Submit to:
City Clerk's Office
200 E. Santa Clara Street, Wing Room 243
San Jose, CA 95113-1905
(408) 535-1275
CityClerk@sanjoseca.gov
Attention: Toni J. Taber

Additional Pages for Expanded Answers

Please indicate Section and Item Number to which you are providing answers.

